
7. PROSPECTS AND FUTURE PLANS OF THE CBHB GROUP

7.1 The Malaysian Economy

Recovery of the Malaysian economy gained momentum in 2002 amidst a more challenging external environment. Real economic growth turned positive in the first quarter and strengthened to 5.6% in the fourth quarter. For the year as a whole, real gross domestic product (GDP) expanded by 4.2% compared with 0.4% in 2001.

Economic growth was broad based, driven by strong domestic demand and reinforced by improved export performance. While public expenditure was strongly supportive of economic activity, growth was reinforced by sustained strength in consumer spending and external demand. Low interest rates, improved access to financing and the significant improvement in commodity prices provided strong stimuli for private sector expenditure to grow.

Reflecting the continued expansionary fiscal stance, real public consumption increased substantially by 13.8%, while real public investment rose by 4.6%. In aggregate, public sector expenditure contributed 2.7 percentage points to total GDP growth. Higher fiscal spending, reduction in income taxes, low interest rates and improvement employment and income prospects resulted in private sector expenditure to recover strongly to contribute 1.2 percentage points to overall GDP growth. Real private consumption grew at an encouraging pace of 4.2%, while the more moderate decline in private investment reduced its contractionary impact on growth. In fact, private capital formation turned around to post moderate growth in the second half of 2002 as several industries in the manufacturing sector, such as electronics, chemical products and transport equipment, operated at high rates of capacity utilisation in response to stronger external demand. Reinforcing this development were new investments in high value-added services such as telecommunications and information technology. Malaysia also benefited from some diversion of foreign investment flows, particularly through the outsourcing activities and the relocation of design and product development operations by some foreign companies in the electronics industry. The improved investment prospects also extended to domestic businesses, especially smaller enterprises, as reflected in the expansion of loans by the banking system to this sector.

External demand recovered in 2002 and provided an important contribution to overall growth. Real exports of goods and services turned around to increase by 3.6% after contracting by 7.5% in 2001. The main impetus for stronger export performance in 2002 was from the manufacturing and tourism sectors. At the same time, the significant improvement in prices for several primary commodities helped increase rural incomes substantially and, consequently, due to the high multiplier impact, consumption expenditure strengthened.

In an environment of heightened uncertainty in the global economy, growth in the Malaysian economy would be mainly domestic driven, supported by a modest growth in external demand. Real GDP growth has the potential to be sustained in the region of 4.5% in 2003 (4.2% in 2002). However, unlike 2002, when the public sector remained the principal driver of economic growth, private sector demand is expected to assume a more significant role in driving economic expansion in 2003. The improved domestic fundamentals would provide support for the sustained consumption and continued recovery in private investment. The public sector, whilst consolidating, however, remains a concern for possible downside risks. Malaysia's increased resilience provides the authorities with the policy flexibility to enhance domestic sources of growth. Hence, policies in 2003 would focus on promoting domestic-led private sector driven growth, with the Government providing a positive enabling environment for private sector activities and initiatives.

The projections for growth in 2003 are based on a modest world economic growth, some pick-up in the global electronics industry, firm commodity prices and further expansion in intra-regional trade. The expectation of a moderate pace of growth takes into account the increasing strength of domestic sources of growth following the restructuring of the financial and corporate sectors since the crisis. These developments would provide further flexibility for the economy in managing the uncertainties emanating from the spillover of geopolitical tensions. Increased domestic sources of growth in the region and the consequent stronger growth in regional trade would also contribute towards growth in Malaysia.

(Source: Bank Negara Malaysia Annual Report 2002)

7.2 Overview of the Construction Sector

The Government will continue to propel and sustain the construction sector's growth through a series of managed measures. This follows by pursuing expansionary fiscal and monetary policies to make the economy more resilient to external shock. Presently, the industry faces an oversupply of commercial space and rising costs of imported construction materials due to the weak Ringgit. The glut of commercial buildings will lead to an increased number of stalled projects.

To restore this affected sector, the Government has made the following recommendations, amongst others: -

(i) Public Expenditure

- (a) In view of the sharp contraction anticipated by the sector, the Government should continue to invest in civil works and infrastructure development, especially for social projects. This is to provide some measure of support to the construction sector as well as its multiplier economic effects, reduce the severity of unemployment and business losses, and increase the utilisation of surplus equipment and materials.
- (b) Governments and public authorities at all levels should be prompt in making payments for goods and services delivered by contractors and suppliers in order to avoid becoming a source of their business difficulties and cash flow problems.

(ii) Financing

- (a) Bank Negara Malaysia should be more flexible in applying the credit plan. The classification of the construction industry or housing industry as "non-productive" has affected other sectors as well.
- (b) Financial institutions should lend selectively to contractors and important projects that would have an adverse impact on economic growth, traffic, urban environment, and quality of life, if left uncompleted.
- (c) The construction of essential and on-going public infrastructure and social amenities should proceed and be supported with budgetary allocations.

(iii) Increasing Utilisation of Materials and Equipment

- (a) More than 3 million tonnes of cement and clinker were imported in 1996 and 1997. The industry responded to the increased demand by expanding capacity, which has now resulted in excess capacity in view of current decline in demand. In order to increase the utilisation of locally produced cement, they could be used for road construction, as was the case for the North South Expressway during the last recession.
- (b) Purchases should be in local currencies. Coal and gypsum, which are presently purchased from Indonesia and Thailand, should be denominated in rupiah, baht or ringgit although the quotations by suppliers are in USD as the international currency.

(iv) Assisting Local Contractors

- (a) In order to enable contractors to survive the present situation, the government, quasi-government authorities and privatised companies should adopt the open tender for bidding to all contractors registered with CIDB. However, for implementation practicality, this need not apply to Class F contractors.
- (b) Government projects could also be apportioned into smaller packages to ensure a more even distribution among contractors who can benefit from participation in government projects tender.
- (c) Adopt measures to improve the cash flow position of contractors. The measures recommended are, amongst others:-

- Expedite the processing of variation orders and final account on the part of the Government so that payment could be made to contractors; and
- CIDB should adopt an easy payment term to collect the levy basing on monthly progress payment. It could also consider refunding part of the levy collected where projects could not be carried out further due to the current economic situation. CIDB should also consider reducing the levy payment for medium-, low-medium and low-cost housing development project because the scope of cross-subsidisation at present is much reduced.

(v) Priority to Local Workers and Services

- (a) All projects in the country, whether by the public or private sector, should utilise as much as possible local consultancy services in order to reduce the outflow of funds from the country.
- (b) Continue with planning studies and design work during the downturn. During the period of downturn, planning studies and design work for essential infrastructure projects from the public sector should not be stopped or deferred. Such projects should be encouraged to proceed since the cost involved for undertaking such work is minimal compared to the overall project cost. This period should be fully utilised for getting such work done in order that projects can be implemented on a fast track basis when the downturn is over. In addition, this is to avoid wastage of professional workers, such as architects, valuers, quantity surveyors, and engineers.
- (c) Restrict the award of contracts to foreign contractors to specialised work for which there are no local expertise.

(vi) Other Measures

- (a) CIDB could provide training of skilled workers in the construction industry, including operators of heavy equipment, at a reasonable fee. The CIDB currently collects an upfront levy of 0.25 per cent on the contract value from the contractors and can well afford to be responsible for all training of skilled workers in the construction industry.
- (b) Local contractors will need to take advantage of opportunities overseas by going global. Malaysian embassies and MATRADE offices overseas should assist in identifying projects that could be taken up by Malaysian contractors.
- (c) Increase the export of locally produced construction materials.

(Source: National Economic Recovery Plan – Agenda for Action, August 1998 published by the National Economic Action Council, Economic Planning Unit, Prime Minister’s Department, Malaysia)

The recommendations by the Government to restore the construction sector have, to a certain extent, been implemented and are beneficial to the sector.

In 2002, growth in the construction sector was maintained at 2.3%. Growth was supported mainly by higher Government expenditure on infrastructure projects and household demand for residential property. In the non-residential sub-sector, construction activity remained focussed on existing projects given the prevailing large overhang of office and retail space.

In the civil engineering sub-sector, growth was stimulated by higher Federal Government development expenditure on construction-related projects, especially for projects related to the transportation, education, housing and public utilities sub-sectors.

With the labour shortage problem expected to improve in the first half of 2003, growth in the construction sector is envisaged to increase by 1.9%, reflecting mainly the slower growth in the civil engineering and residential sub-sectors. This reflects the lower spending on infrastructure projects by both the private sector and the Government following the completion of some of the on-going projects.

(Source : Bank Negara Malaysia Annual Report 2002)

The local construction sector will continue to be underpinned by government spending on infrastructure and utilities development. Under the Eighth Malaysia Plan 2001-2005, the Government has made a substantial provision for infrastructure and utilities development. As shown in the table below, a total of RM27 billion will be allocated by the Government, with RM14.0 billion for roads, RM4.1 billion for rail and RM4.0 billion for water supply. Investments by the private sector amounting to RM3.5 billion on roads will complement the Government's allocation for this subsector.

Development Allocation for Infrastructure and Utilities 2001-2005 under the Eighth Malaysia Plan:-

Sector	Seventh Malaysia Plan		Eighth Malaysia Plan
	Allocation RM'million	Expenditure RM'million	Allocation RM'million
Transport	20,913.1	20,484.2	21,222.1
Road	12,429.9	12,269.5	14,002.6
Urban Transport	404.2	404.0	705.6
Rail	5,450.3	5,450.3	4,081.0
Ports	1,157.4	1,089.2	1,500.0
Airports	1,471.3	1,271.2	932.9
Utilities	3,445.3	3,048.0	5,549.9
Water Supply	2,776.8	2,382.7	3,966.3
Sewerage	668.5	665.3	1,583.6
Communications	51.0	39.6	228.0
Telecommunication & postal services	10.2	4.1	146.7
Others	40.8	35.5	81.3
Total	24,409.4	23,571.8	27,000.0

(Source: Eighth Malaysia Plan 2001-2005, Economic Planning Unit, Prime Minister's Department, Malaysia)

7.3 Industry Players and Competition in the Construction Sector

In the local construction sector, the key listed players are Gamuda Berhad, IJM Corporation Berhad, Road Builders (M) Holdings Bhd, Loh & Loh Corporation Berhad, Ho Hup Construction Company Bhd and others.

The success of a market player in this sector is largely dependant on the possession of the requisite experience, technical expertise, equipments and strong financial standing to carry out a construction project.

The Group believes that it has an edge over other competitors by its established market presence with a reputation for successful completion and delivery of the construction projects undertaken by them, in addition to its skilled and experienced personnel, strong financial base and established relationships with suppliers and sub-contractors.

However, the Group has in place plans to further expand its operations and strengthen its position in the construction sector. The future plans of the Group are discussed in Section 7.4 of this Prospectus.

7.4 Future Plans of the CBHB Group

With the Group's track record and strengths in the construction industry, and its long standing relationships in both the public and private sectors, the Group expects that it will continue to be in a favourable position to compete for construction projects in Peninsular Malaysia, particularly with respect to civil engineering and infrastructure works. The current projects provide the Group with the potential and scope for its continuing participation in the construction sector. However, the Group does not intend to limit itself to the on-going projects and will seek further opportunities to expand and diversify its operations. With the listing of CBHB comprising the CBSB Group, the directors of CBHB are of the view that the Group will be placed on a stronger financial footing for future expansion and diversification. Some of the Group's future plans are as follows: -

(i) Construction

Construction will remain the main focus of the Group, particularly in the area of infrastructure and building works. In the short to medium term, the Group will actively take the appropriate measures to secure new projects. As at 11 April 2003, CBSB has tendered for projects worth some RM500 million in contract value. These projects are still in the early stages of negotiation.

In its continuing effort to improve and increase the Group's quality and services, the Group is also targeting to increase its involvement in the construction of high-rise complexes, condominiums, marine and sub-marine structures.

As most of the Group's projects are geared towards government and quasi-government related projects, the sustained efforts by the Government to pump-prime the economy through infrastructure spending will augur well for the Group's growth and prospects. The Group will also continue to participate in projects carried out by the private sectors, albeit on a selective basis. Priority will be given to reputable clients with strong financial standing and who are able to meet their payment commitment.

The Group intends to enhance its M&E section to enable the Group to handle more M&E works in the near future. The Group presently has a team of three (3) M&E personnel and it is expected that more qualified M&E personnel will be engaged in the coming years. With a strong in-house M&E division, the Board expects that a major proportion of the Group's M&E works, which are currently outsourced by the Group to third parties, to be eventually handled by this division. The Board believes this will further improve the efficiency of the Group's construction works and assist the Group to maintain its competitiveness in pricing, quality and timely delivery.

The Group will also actively expand its involvement in D&B projects, which have been identified to enable the Group to generate a lucrative income. The Group will further enhance and equip the existing team with the necessary skills, which will allow them to undertake more complex and sophisticated building designs. In addition to on-the-job training, the Group will continue to encourage the participation of its staff at relevant seminars and courses to upgrade their skills.

(ii) Manufacturing

The continuous improvement in the construction industry is expected to provide higher demand for building materials, such as bricks and steel. To complement its existing construction activities and if appropriate opportunities present themselves in the form of joint ventures with existing manufacturers, the Group intends to diversify upstream into the manufacturing of bricks as well as mild steel and stainless steel structure fabrication. In undertaking these joint ventures, the capital outlay by the Group is not expected to be substantial and will be financed mainly from internally generated funds. In the unlikely event that the Group's internal funds are insufficient, the joint ventures will then be partially financed via bank borrowings.

The Group believes that the diversification into these areas will contribute positively to the Group and further increase the Group's competitiveness as a contractor in terms of further synergy, construction efficiency and cost savings.

(iii) Property Development

Depending on the market condition for property development, the Group, via CLSB, intends to further participate in the property sector by undertaking selective property development, particularly development in strategic locations and for specific market segment. Given its experience in D&B for residential houses, the Group will consider becoming joint venture partner to government or private landowners to develop their land. In addition to this, given the right opportunity, the Group has plans to acquire landbanks for its own development. The venture into property development is expected to provide the Group with better margin and a more stable income.

8. PROMOTERS, MAJOR SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT TEAM**8.1 Promoters****8.1.1 Shareholdings in CBHB**

Based on the Register of Members as at 11 April 2003 (being the last practicable date prior to the printing of this Prospectus), the shareholdings of the Promoters in CBHB are as follows:-

Shareholders	Nationality	Before Share Offer, ICULS Offer, RCULS Offer and Warrant Issue		After Share Offer, ICULS Offer, RCULS Offer and Warrant Issue		After I and Full Conversion of ICULS, Redemption of RCULS and Exercise of Warrants		After I and Full Conversion of ICULS and RCULS and Exercise of Warrants		III	
		Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares
YSC	Malaysian	56,818,188	5,563,620 ¹	43,618,188	5,568,620 ²	77,090,566 ⁴	6,970,484 ²	86,990,566 ⁴	6,970,484 ²	58.88	4.72
KHL	Malaysian	5,563,620	56,818,188 ¹	5,563,620	43,623,188 ³	6,965,484	77,095,566 ³	6,965,484	86,995,566 ³	4.71	58.88

Notes:-

- 1 By virtue of the shareholding of his/her spouse.
- 2 By virtue of the shareholding of his spouse, KHL and daughter, Yong Tiok Chin assuming that Yong Tiok Chin fully subscribes for her entitlement under the pink form allocation pursuant to the Share Offer.
- 3 By virtue of the shareholding of her spouse, YSC and daughter, Yong Tiok Chin assuming that Yong Tiok Chin fully subscribes for her entitlement under the pink form allocation pursuant to the Share Offer.
- 4 Assuming that the Call Options are fully exercised.

8.1.2 Directorships in Other Public Corporations

None of the Promoters has held directorships in any public corporations for the two (2) years preceding 11 April 2003 (being the last practicable date prior to the printing of this Prospectus).

8.1.3 Major Shareholdings In Other Public Corporations

None of the Promoters has had major shareholdings (5% and more), whether directly or indirectly, in other public corporations for the two (2) years preceding 11 April 2003 (being the last practicable date prior to the printing of this Prospectus).

8.1.4 Background Information on the Promoters

The profiles of the Promoters are set out in Section 8.4.4 of this Prospectus.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

8.2 Major Shareholders

8.2.1 Shareholdings in CBHB

Based on the Register of Members as at 11 April 2003 (being the last practicable date prior to the printing of this Prospectus), the shareholdings of the major shareholders of CBHB (holding 5% and more) in CBHB are as follows:-

Shareholders	Nationality/ Place of Incorporation	I			II			III									
		Before Share Offer, ICULS Offer, RCULS Offer and Warrant Issue			After Share Offer, ICULS Offer, RCULS Offer and Warrant Issue			After I and Full Conversion of ICULS, Redemption of RCULS and Exercise of Warrants			After I and Full Conversion of ICULS and RCULS and Exercise of Warrants						
		Direct	Indirect	Indirect	Direct	Indirect	Indirect	Direct	Indirect	Indirect	Direct	Indirect	Indirect				
No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%				
YSC	Malaysian	56,818,188	59.65	5,563,620 ¹	5.84	43,618,188	45.79	5,568,620 ³	5.85	77,090,566 ⁵	55.96	6,970,484 ³	5.06	86,990,566 ⁵	58.88	6,970,484 ³	4.72
KHL	Malaysian	5,563,620	5.84	56,818,188 ¹	59.65	5,563,620	5.84	43,623,188 ⁴	45.80	6,965,484	5.06	77,095,566 ⁴	55.97	6,965,484	4.71	86,995,566 ⁴	58.88
Pertwi Positif	Malaysia	20,807,939	21.85	-	-	20,807,939	21.85	-	-	26,050,912	18.91	-	-	26,050,912	17.63	-	-
TDSS	Malaysian	-	-	20,807,939 ²	21.85	-	-	20,807,939 ²	21.85	-	-	26,050,912 ²	18.91	-	-	26,050,912 ²	17.63
Yong Tiok Chin	Malaysian	-	-	62,381,808 ⁶	65.49	5,000 ⁷	5.06	49,181,808 ⁶	51.63	5,000 ⁷	5.06	84,056,050 ⁶	61.02	5,000 ⁷	5.06	93,956,050 ⁶	63.59

Notes:-

- 1 By virtue of the shareholding of his/her spouse.
- 2 By virtue of his major shareholding in Peritiwi Positif.
- 3 By virtue of the shareholding of his spouse, KHL and daughter, Yong Tiok Chin assuming that Yong Tiok Chin fully subscribes for her entitlement under the pink form allocation pursuant to the Share Offer.
- 4 By virtue of the shareholding of her spouse, YSC and daughter, Yong Tiok Chin assuming that Yong Tiok Chin fully subscribes for her entitlement under the pink form allocation pursuant to the Share Offer.
- 5 Assuming that the Call Options are fully exercised.
- 6 By virtue of the shareholding of her parents.
- 7 Assuming that she fully subscribe for her entitlement under the pink form allocation pursuant to the Share Offer.

8.2.2 Directorships in Other Public Corporations

None of the major shareholders has held directorships in any public corporations for the (2) years preceding 11 April 2003 (being the last practicable date prior to the printing of this Prospectus).

8.2.3 Major Shareholdings in Other Public Corporations

None of the major shareholders has had major shareholdings (5% and more), whether directly or indirectly, in other public corporations for the two (2) years preceding 11 April 2003 (being the last practicable date prior to the printing of this Prospectus).

8.2.4 Background Information on the Major Shareholders

Pertiwi Positif was incorporated in Malaysia under the Act on 27 July 2001 as a private limited company. Pertiwi Positif is principally an investment holding company. Pertiwi Positif does not have any subsidiary or associated company.

The present authorised share capital of Pertiwi Positif is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 100 ordinary shares of RM1.00 each have been issued and are fully paid-up.

The directors of Pertiwi Positif and their present respective shareholdings are set out below:-

Shareholders/Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
TDSS	99	99.00	-	-
Norishah binti Saari	1	1.00	-	-
	<u>100</u>	<u>100.00</u>		

The profiles of YSC, KHL and TDSS are set out in Section 8.4.4 of this Prospectus. The profile of Yong Tiok Chin is set out in Section 8.6.2 of this Prospectus.

8.3 Changes in the Promoters and Major Shareholders' Shareholdings in CBHB

The changes in the Promoters and major shareholders' shareholding in CBHB for the past three (3) years preceding 11 April 2003 (being the last practicable date prior to the printing of this Prospectus) are as follows:-

Name	Date Acquired/ Disposed of	No of Shares Acquired/(Disposed of)	Cumulative No. of Shares Held	% Shares held after Acquisition/ Disposal
Wui See Seng	09.03.2002	5,000	5,000	50.00 ¹
Khoo Chooi Ling	09.03.2002	5,000	5,000	50.00 ¹
YSC	25.02.2003	59,818,188	59,818,188	62.80
	10.04.2003	(3,000,000)	56,818,188	59.65
	Prior to listing	(13,200,000)	43,618,188	45.79
KHL	25.02.2003	5,563,620	5,563,620	5.84
Pertiwi Positif	25.02.2003	20,807,939	20,807,939	21.85

Note:-

¹ Based on the issued and paid-up share capital of RM10,000 Shares. After the completion of the Share Exchange and the Acquisition of CBSB, their shareholding in CBHB have been diluted to approximately 0.005%.

8.4 Board of Directors

8.4.1 Shareholdings in CBHB

Based on the Register of Members as at 11 April 2003 (being the last practicable date prior to the printing of this Prospectus), the shareholdings of the directors of CBHB in CBHB are as follows:-

Shareholders	Nationality	I		II		III							
		Before Share Offer, ICULS Offer, RCULS Offer and Warrant Issue		After Share Offer, ICULS Offer, RCULS Offer and Warrant Issue		After I and Full Conversion of ICULS, Redemption of RCULS and Exercise of Warrants		After I and Full Conversion of ICULS and RCULS and Exercise of Warrants					
		Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect				
No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%		
TDSS	Malaysian	-	20,807,939 ¹	21.85	-	20,807,939 ¹	21.85	-	26,050,912 ¹	18.91	-	26,050,912 ¹	17.63
YSC	Malaysian	56,818,188	59.65	5,563,620 ²	5.84	43,618,188	45.79	5,568,620 ³	5.85	77,090,566 ⁵	55.98	6,970,484 ³	4.72
KHL	Malaysian	5,563,620	5.84	56,818,188 ²	59.65	5,563,620	5.84	43,623,188 ⁴	45.80	6,965,484	5.06	77,095,566 ⁴	55.97
Lee Sooi Teng	Malaysian	50,000 ⁶	.7	-	-	50,000 ⁶	.7	-	-	50,000 ⁶	.7	-	-
Kam Yong Kan	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Mohd Khazan bin Ahmad Keong Choong Keat	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

- 1 By virtue of his major shareholding in Pertiwi Positif.
- 2 By virtue of the shareholding of his/her spouse.
- 3 By virtue of the shareholding of his spouse, KHL and daughter, Yong Tiok Chin assuming that Yong Tiok Chin fully subscribes for her entitlement under the pink form allocation pursuant to the Share Offer.
- 4 By virtue of the shareholding of her spouse, YSC and daughter, Yong Tiok Chin assuming that Yong Tiok Chin fully subscribes for her entitlement under the pink form allocation pursuant to the Share Offer.
- 5 Assuming that the Call Options are fully exercised.
- 6 Assuming that he fully subscribe for his entitlement under the pink form allocation pursuant to the Share Offer.
- 7 Negligible.

8.4.2 Directorships in Other Public Corporations

None of the directors of CBHB has other directorships in other public corporations for the two (2) years preceding 11 April 2003 (being the last practicable date prior to the printing of this Prospectus), save as disclosed below:-

Director	Public Corporations	Position Held
Kam Yong Kan	Country Heights Holdings Bhd	Director ¹
Mohd Khasan bin Ahmad	Ta Win Holdings Bhd	Director
	Sinmah Resources Bhd	Director
	Intan Utilities Bhd	Director
Keong Choon Keat	Malaysian Airlines System Berhad	Director
	JT International Berhad	Director
	Chin Teck Plantations Berhad	Director
	Negri Sembilan Oil Pains Berhad	Director
	Pacificmas Bhd	Director
	Perusahaan Otomobil Nasional Berhad	Director ²
	The Pacific Insurance Berhad	Director

Notes:

1 Resigned on 21 August 2001.

2 Resigned on 25 March 2002.

8.4.3 Major Shareholdings in Other Public Corporations

None of the directors of CBHB has major shareholdings (5% and more), whether directly or indirectly, in other public corporations for the two (2) years preceding the 11 April 2003 (being the last practicable date prior to the printing of this Prospectus).

8.4.4 Profiles

The profiles of the directors of CBHB are as follows:-

TENGGU DATO' SULAIMAN SHAH BIN TENGGU ABDUL JALIL SHAH, aged 47, was appointed to the Board on 26 February 2003. He is presently the Executive Chairman of CBSB. He holds a Diploma of Business Studies from Stamford College, Kuala Lumpur in 1978. He has been actively involved in various types of business ventures, such as printing industry, air and sea freight. He was also appointed the "Orang Besar Istana" in the year 1996 with the title of "Tengku Setia Selangor". Subsequent to that, he was also accredited "Dato' Di-Raja Selangor" in the year 1997. In his capacity as the Executive Chairman, he plays a pivotal role in the business development of CBSB and at the same time, is responsible for the public relation and communication affairs of CBSB.

YONG SOON CHOW, aged 51, was appointed to the Board on 26 February 2003. He is the founder and a director of CBSB. He graduated with a Bachelor of Civil Engineering Degree (Hons) from the University of Malaya in 1977. He is an enterprising businessman with extensive experience in the construction industry. From 1977 to 1981, he served in Jabatan Kerja Raya as an engineer. In 1983, he formed CBSB and has since been the Managing Director of CBSB. He is responsible for the overall business and corporate development, as well as strategic planning of CBSB.

KOH HUA LAN, aged 51, was appointed to the Board on 26 February 2003. She is a director of CBSB. She holds a London Chamber of Commerce and Industry from Stamford College, Kuala Lumpur in 1976 and has joined several private limited companies as Accounts Executive before co-founding CBSB in 1983. She is principally responsible for the administrative, human resource and financial policies of CBSB.

LEE SOOI TENG, aged 38, was appointed to the Board on 26 February 2003 and is the General Manager of Project. He graduated from TARC with a Diploma in Building Technology in 1989. He started his service with CBSB in 1989 as Site Supervisor. He left CBSB in 1995 to pursue his studies and obtained a Master Degree in Construction Management from University of Herriot-Watt, United Kingdom in 1996. He returned to CBSB in 1996 and assumed his current position in 1997. He is responsible for the overall project management in CBSB to ensure that all on-going projects meet project schedules and costing. Further, he also ensures the safety of work force at site. He is also a member of the evaluation team responsible for the tendering of construction projects for CBSB.

KAM YONG KAN, aged 44, was appointed to the Board on 26 February 2003. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, a Registered Accountant with the Malaysian Institute of Accountants and an Associate member of the Malaysian Institute of Taxation. He has over 18 years experience in audit, finance, corporate finance, tax and treasury functions in property related industries. He was attached to a listed property group from 1991 to 2000 and held the position of a Finance Director during the last 4 years of his tenure in the group. He left the property group and formed MB Corporate Advisory Services Sdn Bhd ("MB") in January 2001, a company that provides advisory services to corporate clients. He is presently the Managing Director of MB.

MOHD KHASAN BIN AHMAD, aged 42, was appointed to the Board on 25 February 2003 and is a member of the Audit Committee. He graduated from Universiti Teknologi MARA with a degree in Accountancy. He is a member of the Malaysian Institute of Accountants. He served in Bank Negara Malaysia for a period of about 7 years, the last 2 years of which he was seconded to the then Capital Issues Committee as its Principal Assistant Secretary. Subsequently, he joined the Securities Commission for a period of about 6 years and his last capacity was as an Assistant Manager in its Issues and Investment Division. During the tenure of his above appointments, he was involved in various corporate exercises ranging from initial public offerings, mergers and acquisitions, reverse take-overs, issuance of bonds and other capital raising exercises. He then joined the private sector in 1997 and held various senior management positions.

KEONG CHOON KEAT, aged 58, was appointed to the Board on 25 February 2003 and is a member of the Audit Committee. He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants, and a Fellow Member of the Institute of Chartered Accountants in England and Wales. He was attached to Bristol Myers & Company Ltd. in England as an Accountant in 1968 and left to join Malaysian Tobacco Company Bhd as an Accountant in 1969. From 1974 to 1999, he was attached to UMW Holdings Bhd where he held various management positions from General Manager to Director, Group Accounts before being promoted to the position of an Executive Director in 1988. Upon retirement in 1999, he joined a consultancy firm providing outplacement and career management consultancy services in Malaysia.

None of the above directors has been involved in or is a party related to, directly or indirectly, any petition under the bankruptcy or insolvency laws filed, in or outside Malaysia and have not been struck out, against them or any partnership in which they may be a partner or any corporation of which they may be a director or key personnel. Neither have they ever been convicted in a criminal proceeding or were a named subject of a pending criminal proceeding. They have not been the subject of any order, judgment or ruling of any court of competent jurisdiction temporarily enjoining them from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

8.4.5 Aggregate Remuneration and Benefits

For the financial year ended 31 December 2002, the remuneration paid to the directors of CBHB in all capacities to CBHB and its subsidiaries is nil. For the current financial year ending 31 December 2003, the remuneration payable to the directors of CBHB and its subsidiaries is estimated to be RM450,000. Details of the aggregate remuneration are as follows:-

Range	Number of Directors	
	Financial Year Ended 31 December 2002	Financial Year Ending 31 December 2003
0 – 50,000	2	3
50,001 – 200,000	-	4
	<u>2</u>	<u>7</u>

The remuneration paid to the directors of CBHB includes salaries, fees, bonuses and Employee Provident Fund contribution.

8.5 Audit Committee

The main functions of the Audit Committee fall within the ambit of the Listing Requirements of the KLSE. The Audit Committee, which was set up on 13 March 2003, comprises the following Board members: -

Name	Responsibility	Directorship
Mohd Khasan bin Ahmad	Chairman	Independent Non-executive Director
Keong Choon Keat	Member	Independent Non-executive Director
Lee Sooi Teng	Member	Executive Director

The main functions of the Audit Committee include the review of external auditors' annual audit plan and audit report and their review of the system of internal control. The Audit Committee also reviews the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work as well as internal audit programme, processes and recommendations of the internal auditors together with the management's response. In addition, the Audit Committee reviews the quarterly results and annual financial statements of the Group prior to the approval by the Board. The role of the Audit Committee also extends to the review of related party transactions and conflicts of interest that may arise within the Group, recommendation of the appointment of external auditors, their fees, their resignation or dismissal as well as the assistance given by the employees of the Group to external auditors.

8.6 Key Management of the CBHB Group

8.6.1 Shareholdings in CBHB

Based on the Register of Members as at 11 April 2003 (being the last practicable date prior to the printing of this Prospectus), the shareholdings of the the key management of the CBHB Group, all of whom are Malaysians, in CBHB are as follows:-

Shareholders	Position	I		II		III								
		Before Share Offer, ICULS Offer, RCULS Offer and Warrant Issue		After Share Offer, ICULS Offer, RCULS Offer and Warrant Issue		After I and Full Conversion of ICULS, Redemption of RCULS and Exercise of Warrants		After I and Full Conversion of ICULS and RCULS and Exercise of Warrants						
		Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares					
TDSS	Executive Chairman	-	20,807,939 ¹	21.85	-	20,807,939 ¹	18.91	-	26,050,912 ¹	17.63	-	-		
YSC	Managing Director	56,818,188	5,563,620 ²	5.84	43,618,188	45.79	5,568,620 ³	5.85	77,090,566 ⁸	55.96	6,970,484 ³	58.88	6,970,484 ³	4.72
KHL	Executive Director	5,563,620	56,818,188 ²	59.65	5,563,620	5.84	43,623,188 ⁴	45.80	6,965,484	5.06	77,095,566 ⁴	55.97	6,965,484	4.71
Lee Sool Teng	Executive Director / Project General Manager	-	-	-	50,000 ⁵	.6	-	-	50,000 ⁵	.6	-	-	50,000 ⁵	.6
See Kui Poh	Finance General Manager	-	-	-	200,000 ⁵	.6	-	-	200,000 ⁵	.6	-	-	200,000 ⁵	.6
Wong Choy	Contract General Manager	-	-	-	30,000 ⁵	.6	-	-	30,000 ⁵	.6	-	-	30,000 ⁵	.6
Goh Sin Huat	Accounts Manager	-	-	-	15,000 ⁵	.6	-	-	15,000 ⁵	.6	-	-	15,000 ⁵	.6
Yong Tiok Chin	Legal Manager	-	62,381,808 ⁶	65.49	5,000 ⁵	.6	49,818,808 ⁷	51.63	5,000 ⁵	.6	84,056,050 ⁷	61.02	5,000 ⁵	.6
Lau Poh Kheong	Project Manager	-	-	-	3,000 ⁵	.6	-	-	3,000 ⁵	.6	-	-	3,000 ⁵	.6
Ng Hong Wee	Project Manager	-	-	-	20,000 ⁵	.6	-	-	20,000 ⁵	.6	-	-	20,000 ⁵	.6
Chang Yoon Wei	Site Engineer	-	-	-	10,000 ⁵	.6	-	-	10,000 ⁵	.6	-	-	10,000 ⁵	.6
Wang Luan Boo	Contract Manager	-	-	-	10,000 ⁵	.6	-	-	10,000 ⁵	.6	-	-	10,000 ⁵	.6
Yua Siew Lon	Contract Manager	-	-	-	30,000 ⁵	.6	-	-	30,000 ⁵	.6	-	-	30,000 ⁵	.6

Shareholders	Position	I				II				III					
		Before Share Offer, ICULS Offer, RCULS Offer and Warrant Issue		After Share Offer, ICULS Offer, RCULS Offer and Warrant Issue		After I and Full Conversion of ICULS, Redemption of RCULS and Exercise of Warrants		After I and Full Conversion of ICULS, After I and Full Conversion of ICULS and RCULS and Exercise of Warrants		After I and Full Conversion of ICULS, After I and Full Conversion of ICULS and RCULS and Exercise of Warrants		After I and Full Conversion of ICULS, After I and Full Conversion of ICULS and RCULS and Exercise of Warrants			
		Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect		
No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%		
Yong Keong Ping	Project Manager	-	-	4,000 ⁵	.6	-	-	4,000 ⁵	.6	-	-	4,000 ⁵	.6	-	-

Notes:-

- 1 By virtue of his major shareholding in Pertiwi Positif.
- 2 By virtue of the shareholding of his/her spouse.
- 3 By virtue of the shareholding of his spouse, KHL and daughter, Yong Tiok Chin assuming that Yong Tiok Chin fully subscribes for her entitlement under the pink form allocation pursuant to the Share Offer.
- 4 By virtue of the shareholding of her spouse, YSC and daughter, Yong Tiok Chin assuming that Yong Tiok Chin fully subscribes for her entitlement under the pink form allocation pursuant to the Share Offer.
- 5 Assuming that they fully subscribe for their entitlement under the pink form allocation pursuant to the Share Offer.
- 6 Negligible.
- 7 By virtue of the shareholding of her parents.
- 8 Assuming that the Call Options are fully exercised.

8.6.2 Profiles

The profiles of TDSS, YSC, KHL and Lee Sooi Teng have been disclosed in Section 8.4.4 above. The profiles of other key management of the CBHB Group are set out as follows:-

SEE KUI POH, aged 54, is the General Manager of Finance. She has been with CBSB since its commencement of business in 1985. From the position of an Accounts Executive in 1985, she was promoted to the position of General Manager of Finance in CBSB in 1994. She heads the Finance Department and is responsible for the treasury function, credit control, internal control system and other financial matters of CBHB. She is also a member of the evaluation team responsible for the tendering of construction projects for CBHB Group.

WONG CHOY, aged 49, is the General Manager of Contract. He graduated with a Diploma in Building Technology from Tunku Abdul Rahman College ("TARC") in 1979. He further pursued the Chartered Institute of Building in United Kingdom and graduated in 1981. He first joined Jernih Construction Sdn Bhd as Senior Quantity Surveyor from 1994 to 1996 and subsequently joined CBSB in 1996 as Contract Manager. He was promoted to his current position in 1997. He has more than 20 years of experience in the construction industry in the areas of project management, tendering and contract administration of both infrastructure and building project. He is mainly responsible for the negotiation and procurement of contracts in CBSB and is a member of the evaluation team responsible for the tendering of construction projects for CBSB.

GOH SIN HUAT, aged 32, is the Accounts Manager. He is an associate member of the Association of International Accountants ("AIA") since 1999 and is also a chartered accountant registered with AIA. In 2003, he obtained his Certified Financial Planner certification. Upon obtaining his membership from AIA, he joined Messrs Lim Thong and Associates as Audit Senior from 1993 to 1995. Subsequently, he joined Messrs Esther Tan & Company in 1995 to 1997 as Audit Supervisor. He worked as an Accounts Executive with a construction firm from 1997 to 2000 before joining CBSB in 2000 as Accounts Manager. He is mainly responsible for the timely delivery of monthly management accounts.

YONG TIOK CHIN, aged 25, is the Legal Manager. She holds a LLB (Hons) from University of Sheffield, United Kingdom. After her graduation in 1999, she joined Philipsohn, Crawford & Berwald, a legal firm in London and was involved in corporate litigation. She subsequently joined CBSB end of 1999 as Legal Manager and is responsible for the legal and secretarial matters of CBHB as well as its compliance to the rules and regulations of the relevant authorities and government bodies.

LAU POH KHEONG, aged 32, is the Project Manager. He graduated with Double Degrees in Architecture & Housing and Building & Planning from University Sains Malaysia in 1998. He joined Arkitek Daya Reka in 1999 to 2001 as Engineer and subsequently joined CBSB in 2001 as Project Manager. His responsibilities include assisting the General Manager of Project in overseeing the progress at site

NG HONG WEE, aged 32, is the Project Manager. He holds a Diploma in Technology (Building) from TARC in 1995 and a Master in Construction Management from Herriot-Watt University, United Kingdom in 1996. He started his career with CBSB as Site Engineer in 1996 and was promoted to Project Manager in 2000. As the Project Manager, he assists the General Manager of Project in overseeing the progress at site

CHANG YOON WEI, aged 29, is the Site Engineer. He holds a Degree in Engineering from University of Malaya in 1999. After the completion of his industrial training with Pilecon Geotechnic Sdn Bhd in 1995, he joined CBSB in 1999 as Site Engineer. His responsibilities include overseeing the development and progress of construction projects, particularly projects in the northern states of the Peninsular Malaysia.

WANG LUAN BOO, aged 38 is the Contract Manager. She graduated with a Diploma in Building Technology from TARC in 1989. She subsequently joined CBSB in the same year as a Junior Quantity Surveyor. With a strong determination and the will to improve herself, she left in 1997 to pursue a Degree in Applied Science Construction Management and Economics in University of Curtin, Australia. She rejoined the company in 1998 and was promoted to her current position in 1999. She oversees the quantity surveying of construction projects.

YUA SIEW LON, aged 36 is the Contract Manager. He holds a Diploma in Architectural Engineering from Federal Institute of Technology in 1989 as well as a Diploma in Surveying and Estimating from International Correspondence School in 1995. He joined Siah Brothers Corporation Berhad as Site Supervisor in 1990-1992 and subsequently CBSB in 1995 as Senior Quantity Surveyor. He was promoted to Contract Manager in 2000. As a Contract Manager, he oversees the quantity surveying of construction projects.

YONG KEONG PING, aged 47 is the Project Manager. He obtained his Bachelor of Science in Engineering degree from Tamkang University, Taiwan in 1981. He joined Merit Park Sdn Bhd as Assistant Factory Manager from 1995 to 2000. In 2000, he joined CBSB as a Project Manager and oversees the development and progress of projects at site.

None of the above key management or technical personnel has been involved in or is a party related to, directly or indirectly, any petition under the bankruptcy or insolvency laws filed, in or outside Malaysia and have not been struck out, against them or any partnership in which they may be a partner or any corporation of which they may be a director or key personnel. Neither have they ever been convicted in a criminal proceeding or were a named subject of a pending criminal proceeding. They have not been the subject of any order, judgment or ruling of any court of competent jurisdiction temporarily enjoining them from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

8.7 Relationships and Associations

Save as set out below, there are no other family and business relationships or associations between the Promoters, major shareholders and directors of CBHB and key management of the CBHB Group.

- (i) YSC and KHL are husband and wife; and
- (ii) Yong Tiok Chin is the daughter of YSC and KHL.

8.8 Service Agreements

As at 11 April 2003, none of the directors of CBHB as well as the key management of the CBHB Group has either existing or proposed service agreements which are terminable other than by giving the usual one (1) month's notice, with the Company or its subsidiaries.

9. APPROVALS AND CONDITIONS

9.1 Approvals and Conditions of the Authorities

(i) Restructuring Scheme

The Share Offer, the ICULS Offer, the RCULS Offer and the Warrant Issue form integral parts of the Restructuring Scheme. The Restructuring Scheme has been approved by the following authorities:-

Authorities	Date of Approval Letter(s)
SC	: 8 November 2002, 13 November 2002, 5 December 2002 and 3 April 2003
MITI	: 8 October 2002
FIC	: 31 July 2002

In addition to the above approvals, the KLSE had vide its letters dated 6 March 2003 and 24 March 2003 approved the following matters:-

- (i) The issuance of the PAL not later than ten (10) market days after the Entitlement Date instead of five (5) market days as stipulated under Paragraph 6.23 of the Listing Requirements;
- (ii) The shortening of the period of Entitlement Date to three (3) clear market days instead of twelve (12) clear market days as stipulated under Paragraph 6.18 of the Listing Requirements;
- (iii) The exemption for the trading of the PAL on the KLSE;
- (iv) The shortening of of the closing date for the receipt of applications for the Warrant Issue to fifteen (15) market days after the Entitlement Date instead of twenty-two (22) market days as stipulated under Paragraph 6.20 of the Listing Requirements; and
- (v) The requotation of the enlarged issued and paid-up share capital of CBHB on the KLSE to be carried out after the completion of the entire Restructuring Scheme instead of one (1) market day after the Entitlement Date.

The conditions imposed by the authorities and the status of compliance are as follows:-

Authorities	Conditions Imposed	Status of Compliance
<p>SC (letter dated 8 November 2002)</p>	<p>1. MGR/CBHB is to fully disclose in their circular to shareholders and prospectus on the following matters:-</p> <ul style="list-style-type: none"> • Risks associated with the new operations of MGR in the construction industry; • An effective management continuance plan to ensure the continuity in the management of the MGR/CBHB Group in the operations and the construction business; and • Business relations between CBHB and the marketing agents, namely FSB, PTSB and PSSB. <p>2. The Promoters and directors and major shareholders of CBHB are not allowed to be involved in new businesses which may result in a conflict of interest in the business of the CBHB Group.</p> <p>Disclosure on their current involvement in similar businesses or in businesses which are competing with the CBHB Group, if applicable, has to be made in the circular to shareholders and prospectus of MGR/CBHB.</p> <p>3. A moratorium condition will be imposed on the sale of 46,363,500 new Shares or 50% of the total new Shares issued to the CBSB Vendors in relation to the Acquisition of CBSB. AmMerchant Bank/MGR/CBHB is required to provide us, a list of the shareholders and their respective Shares which are subject to the said moratorium.</p> <p>4. MGR/CBHB/AmMerchant Bank are required to obtain the SC's approval for any variations made to the terms and conditions for the issuance of the RCULS and ICULS.</p> <p>5. Prior to the issuance of the RCULS and ICULS, MGR/CBHB/AmMerchant Bank are required to furnish the SC the following :-</p> <ul style="list-style-type: none"> • Trust deed in respect of the ICULS and RCULS which has been executed; and • The basis of the rating for the RCULS. <p>6. MGR/CBHB is required to comply with the relevant requirements in relation to the implementation of the Restructuring Scheme, in particular those stated in Chapters 17, 18, 22 and 25 of the SC's Policies and Guidelines on Issue/Offer of Securities and the relevant requirements in relation to the Guidelines on the Offering of Private Debt Securities in respect of the issuance of ICULS and RCULS.</p> <p>7. MGR/CBHB/AmMerchant Bank is to submit the final draft of the circular to be issued to the shareholders of MGR for the SC's perusal.</p>	<p>Complied. Appropriate disclosure had been made in the circular to shareholders of MGR dated 28 January 2003 and in Sections 4, 5.5 and 5.4.3 of this Prospectus.</p> <p>Complied. The Promoters and directors and major shareholders of CBHB had confirmed with the SC on 25 February 2003 and 10 April 2003 that they will not be involved in new businesses which may result in a conflict of interest in the business of the CBHB Group.</p> <p>Complied. Appropriate disclosure had been made in Section 10.2 of this Prospectus.</p> <p>Complied. The list of the shareholders of CBHB whose Shares are under moratorium had been forwarded to the SC on 9 March 2003. Further details on the Shares subjected to moratorium are set out in Section 9.2 below.</p> <p>Will be complied with, if applicable.</p> <p>Complied. A copy of the required documents had been forwarded to the SC on 24 January 2003 and 28 January 2003.</p> <p>Complied, wherever applicable.</p> <p>Complied. A copy of the final draft of the circular to shareholders of MGR dated 28 January 2003 had been submitted to the SC prior to its issuance.</p>

Authorities	Conditions Imposed	Status of Compliance
	<p>8. In relation to the proposal to transfer the Shares, which are under moratorium, to the MGR Creditors to create a security for the Put and Call Options, the approval of the SC is subject to the condition that the MGR Creditors is required to make an application for the SC's consideration for any future waiver on the moratorium or future sale of the Shares which are subject to the moratorium.</p> <p>9. MGR is required to appoint an independent audit firm (with experience in investigative audit and not an existing auditor of the MGR Group and also not an audit firm of the MGR Group when the MGR Group was experiencing business losses) within two months from the date of this letter to conduct an investigative audit on previous business losses. MGR is also required to take necessary/relevant steps to recover the said losses. Based on the findings of the investigative audit, MGR is to report to the relevant authority if there are any breach of any laws, rules, guidelines and/or memorandum and articles of the Company involving members the Board of Directors of MGR and/or any other party that has caused the said losses of MGR. The investigative audit is to be completed within six (6) months from the date of appointment of the independent audit firm. Two copies of the said investigative audit report must be made available to the SC after the completion of the investigative audit.</p>	<p>Will be complied, if applicable.</p> <p>Complied.</p> <p>MGR had on 8 January 2003 appointed Messrs Horwath as the independent audit firm to carry out the investigative audit.</p>
<p>SC (letter dated 13 November 2002)</p>	<p>The application by YSC for the exemption from the mandatory take-over offer obligation on the remaining Shares which will only occur in the future following the conversion/exercise of the ICULS, the RCULS and the Warrants will only be considered by the SC when the following conditions are fulfilled:-</p> <ol style="list-style-type: none"> 1. YSC obtains the approval from the independent shareholders of MGR/CBHB/SA (if applicable) in accordance with the "white-wash" procedures, as stated under paragraphs 5(b)(i)-(iv), Practice Note 2.9.1 of the Code. Approval from the said shareholders, if obtained, will be valid for the tenure of the ICULS, the RCULS and the Warrants. 2. CBHB will not be allowed to undertake any corporate proposals which would change the percentage shareholding of YSC in CBHB, prior to YSC's conversion/exercise of the ICULS/ RCULS/ Warrants which would result in a mandatory take-over offer obligation by YSC. 3. YSC is not allowed to be involved in any trading of the Shares/the ICULS/ RCULS/ Warrants during the whole tenure of the said ICULS/ RCULS/ Warrants. However, YSC may sell/convert/exercise the Shares/ ICULS/ RCULS/ Warrants which are owned by them on the condition that their shareholding in the Shares is maintained above 33%. 	<p>YSC had on 21 January 2003 notified MGR that he will not be pursuing the exemption from this mandatory take-over offer obligation.</p> <p>Not applicable.</p> <p>Not applicable.</p> <p>Not applicable.</p>

Authorities	Conditions Imposed	Status of Compliance
	<p>4. If the conversion/exercise of the ICULS/ RCULS/ Warrants by YSC results in an increase in YSC's equity interest in CBHB exceeding the mandatory take-over offer limit, YSC and AmMerchant Bank are required to inform the SC of the said transaction and confirm that all the conditions to the approval as stated in notes 1, 2 and 3 above, have been fully satisfied. YSC and AmMerchant Bank are required to make an appropriate announcement to inform the CBHB's shareholders.</p> <p>5. If YSC has converted/exercised the ICULS/ RCULS/ Warrants held by YSC to a level where the exemption from the mandatory take-over offer is no longer required, YSC and AmMerchant Bank are required to make an appropriate announcement to inform the CBHB's shareholders.</p>	<p>Not applicable.</p> <p>Not applicable.</p>
SC (letter dated 5 December 2002)	MGR is required to ensure that an appropriate announcement is made on the findings of the said investigative audit.	Will be complied with upon the completion of the findings of the investigative audit.
MITI	<p>1. Approval of the SC is obtained.</p> <p>2. Approval of the FIC is obtained.</p> <p>3. MGR and its subsidiaries, i.e. Parakaya Plywood Sdn Bhd and Kimanis Bay Timbers Sdn Bhd are required to surrender their manufacturing licences to the Malaysian Industrial Development Authority.</p>	<p>Complied. The approval of the SC have been obtained vide its letters dated 8 November 2002, 13 November 2002, 5 December 2002 and 3 April 2003.</p> <p>Complied. The approval of the FIC have been obtained vide its letter dated 31 July 2002.</p> <p>Will be complied with prior to the completion of the Restructuring Scheme.</p>
FIC	CBHB is to have at least 30% Bumiputera equity interest upon listing.	Complied. Upon listing of CBHB on the KLSE, the Bumiputera equity interest in the Company would be 31.48%.

(ii) Transfer to Main Board

The SC had also in its letter dated 8 November 2002 approved the transfer of the listing status of CBHB on the Second Board to the Main Board of the KLSE subject to the written confirmation by AmMerchant Bank to the SC that, based on the audited financial report of CBHB for the financial year ended 31 December 2002, CBHB has met the 5-year profit track record as stated in the SC's Policies and Guidelines on Issue/Offer of Securities, prior to the implementation of the said transfer.

In view that the abovementioned condition was complied with by the Company vide AmMerchant Bank's confirmation letter to the SC dated 13 February 2003, the approval of the KLSE will be obtained for the direct listing of CBHB on the Main Board of the KLSE.

9.2 Moratorium on Sale of Shares

As part of the Restructuring Scheme approved by the SC, a total of 46,363,500 Shares, representing 50% of the 92,727,000 Shares received by the CBSB Vendors as consideration for the Acquisition of CBSB, will be subjected to a moratorium ("Moratorium Shares") as follows:-

CBSB Vendors	No. of Consideration Shares	No. of Shares Held After the Transfer of Shares and Share Offer	No. of Shares under moratorium
YSC	59,818,188	43,618,188	42,418,000
KHL	5,563,620	5,563,620	3,945,500
Pertiwi Positif	20,807,939	20,807,939	-
Takrif Jaya	3,560,717	3,560,717	-
Capai Hasil	2,976,536	2,976,536	-
	<u>92,727,000</u>	<u>76,527,000</u>	<u>46,363,500</u>

The SC in its press release dated 11 March 2003 had announced the following:-

"With regards to acquisitions of assets resulting in reverse take-overs of listed companies, a moratorium will be imposed on 50% of the consideration securities to be received by the vendors of the assets to be injected, whereby the vendors will not be allowed to sell, transfer or assign the securities for one year from the date the securities are listed on KLSE. Thereafter, the securities are not subjected to any moratorium requirement. This new treatment of moratorium would apply automatically to proposals which have been approved by the SC since October 2002."

In line with the above and save for the transfer of the Moratorium Shares to the MGR Creditors' Agent and/or its nominees to be pledged as security for the Put and Call Options (as approved by the SC vide its letter dated 8 November 2002), YSC and KHL will not be allowed to sell, transfer or assign the Moratorium Shares within one (1) year from the admission of the CBHB to the Official List of the Main Board of the KLSE.

The restriction, which is fully accepted by YSC and KHL, will be endorsed specifically on the share certificates representing their respective shareholdings that are under moratorium to ensure that the Share Registrar of CBHB does not register any other transfer of the Moratorium Shares.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

10. RELATED-PARTY TRANSACTIONS/CONFLICTS OF INTEREST

10.1 Transaction between the CBHB Group and the Related Party

Save as disclosed below, there are no on-going transactions between the Group and the Related Party. Related Party means a director, major shareholder and/or persons connected with such director or major shareholder as defined under Section 122A of the Act.

- (i) TDSS, who is the Executive Chairman and major shareholder of the Company, is also a director and major shareholder of FSB. CBSB has been engaging the services of FSB in securing construction contracts in Malaysia exclusively for CBSB for approximately 18 years. The parties have on 20 March 2002 entered into the Marketing Agent Agreement to formally appoint FSB as its marketing agent to secure construction contracts in Malaysia exclusively for CBSB. FSB will be entitled to a fee of three percent (3%) of the contract price of each contract successfully secured by FSB.
- (ii) Kam Yong Kan, who is a director of the Company, is also a director and major shareholder of MB Corporate Advisory Services Sdn Bhd ("MB"). CBSB had on 29 October 2001 appointed MB as its corporate consultant to advise the company on matters pertaining to the Restructuring Scheme for an advisory fee of three percent (3%) of the consideration for the injection of the CBSB Group into MGR.

The Board is of the opinion that the terms of the above transactions are fair and reasonable and are on commercial terms.

10.2 Interest in Similar Business

Save as disclosed below, none of the Promoters, directors and major shareholders of CBHB have any interests, direct or indirect, in other businesses and corporations carrying on a similar trade as the CBHB Group.

TDSS, who is the Executive Chairman and major shareholder of CBHB, is also a director and major shareholder of FSB. FSB is principally involved in building and general construction. Nevertheless, since its incorporation, the main business activities carried out by FSB has been that of sourcing for construction contracts exclusively for the CBSB Group. Upon securing a contract, FSB will nominate CBSB as the key contractor for the construction works. FSB is not involved in any part of the management and execution of the projects, and CBSB has full control of the projects, including the provision of all equipment and personnel necessary for the execution of the works. Other than carrying out marketing activities to bid and secure construction contracts exclusively for the CBSB Group, FSB has not been and will not be involved in any construction or development works.

In view of the above, the Board is of the view that the interest of TDSS in FSB does not give rise to any potential conflict of interest.

10.3 Promotions of Any Assets Acquired/To Be Acquired

Save for the interests of the directors and major shareholders of CBHB in relation to the Acquisition of CBSB, as disclosed below, none of the directors and major shareholders of CBHB have any interests, direct or indirect, in the promotion of any assets which have, within the two (2) years preceding 11 April 2003 (being the last practicable date prior to the printing of this Prospectus), been acquired or disposed of by or leased to the Group, or are proposed to be acquired, disposed of by or leased to the Group, or any contract or arrangement subsisting as at 11 April 2003 which is significant in relation to the business of the Group.

Director/Major Shareholder	Nature of Interest
YSC	<ul style="list-style-type: none">- Director of CBSB- Major shareholder of CBSB
KHL	<ul style="list-style-type: none">- Director of CBSB- Wife of YSC
Yong Tiok Chin	<ul style="list-style-type: none">- Daughter of YSC and KHL
TDSS	<ul style="list-style-type: none">- Director of CBSB- Director of Pertiwi Positif- Major shareholder of Pertiwi Positif

10.4 Declaration by the Advisers

AmMerchant Bank, GEP Associates, Tay, Tee & Nasir and Lee Choon Wan & Co confirm that there is no issue of conflict of interest in respect of their respective advisory roles to the Company in relation to the Restructuring Scheme.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

11. OTHER INFORMATION ON THE CBHB GROUP

11.1 Major Licences and Permits

The major licences and permits obtained by the Group (via CBSB) from the relevant authorities/bodies for its operations as at 11 April 2003 (being the last practicable date prior to the printing of this Prospectus) are as follows:-

Authority/Company	Date Issued	Licence/ Registration No.	Type of Business Approved	Equity Conditions Imposed	Validity Period
Pusat Khidmat Kontraktor, Ministry of Entrepreneur Development	30.11.2001	1406A 970357	Class "A" Contractor	None	2 years (from 04.12.2001 to 03.12.2003)
CIDB	28.02.2003	1970121- SL021568	Grade "7" Contractor	None	3 years (from 28.02.2003 to 27.02.2006)

11.2 Details of Landed Properties

The details of the landed properties owned by the CBHB Group as at 31 December 2002 (being the date of the latest available audited financial statements of the Group) are as follows:-

Location	Description/ Existing Use	Tenure/ Expiry Date	Approximate Age of Building	Built-up Area/Land Area (Sq. Ft.)	Audited Net Book Value as at 31 December 2002 (RM)
Registered under CBSB					
No.28 & 30, Jalan SS 24/13, Taman Megah, 47301 Petaling Jaya, Selangor Darul Ehsan.	2 units of 3- storey shop office/office	Freehold	20	32,178/ 4,313	3,749,696
No.88, Jalan Kebudayaan 1, Taman Universiti, 81300 Skudai, Johor Darul Takzim.	2-storey shop office/office	Freehold	5	3,080/ 1,540	421,568
Lot 5440, Jalan Meru Batu 8 ½, 42200 Kapar, Klang Selangor Darul Ehsan.	Agricultural land/ company depot (store)	Freehold	20	5.3 acres	457,697
Units G-17, G-18 and G-19, Vega Square, Bentong, Pahang Darul Makmur.	3 units of retail outlets/ unoccupied	Freehold	5	517 per unit	815,092
Units W2-1, W5-1 and W14-1, Country Heights Condominium, Masai, Johor Darul Takzim.	3 units of condominium/ unoccupied	Freehold	6	1,956 per unit	1,286,784
No.24, Jalan 30/48, Taman Dato Senu, Sentul 51000 Kuala Lumpur	3-storey shop office/rented out	Leasehold/ 27.08.2075	26	3,888/ 1,400	292,000
No.20, Jalan 11/4, Section 11, 46200 Petaling Jaya, Selangor Darul Ehsan.	2-storey bungalow/ rented out	Leasehold/ 02.04.2058	43	5,520/ 4,056	674,984

Location	Description/ Existing Use	Tenure/ Expiry Date	Approximate Age of Building	Built-up Area/Land Area (Sq. Ft.)	Audited Net Book Value as at 31 December 2002 (RM)
Registered under CLSB					
No.13, Lorong Batu Nilam, 10A, Bandar Bukit Tinggi, 41200 Klang Selangor Darul Ehsan.	3-storey shop office/rented out	Freehold	2	3,839/ 1,285	519,133
No.116, Jalan SS 24/2, Taman Megah, 47301 Petaling Jaya, Selangor Darul Ehsan.	3-storey shop office/rented out	Freehold	20	5,208/ 3,204	1,421,491

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]